

NANCY SWANSON
CLERK OF DISTRICT COURT
MONTANA
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FILED
BY [Signature]

**MONTANA FIRST JUDICIAL DISTRICT COURT
LEWIS AND CLARK COUNTY**

IN THE MATTER OF THE)	CAUSE NO. <u>CDV-2009-453</u>
LIQUIDATION OF)	
VALOR INSURANCE)	ORDER
COMPANY, Inc.,)	COMMENCING LIQUIDATION
)	AND APPOINTING
Respondent.)	LIQUIDATOR

The Montana State Auditor and Commissioner of Insurance (Commissioner), by and through counsel of record, filed a petition for liquidation of Valor Insurance Company, Inc. (Valor) and for appointment of the Commissioner as the liquidator. Valor supports the Commissioner's petition and has waived a hearing with regard to the commencement of liquidation proceedings, judicial declaration of insolvency, and appointment of the Commissioner as the liquidator. Based on the Commissioner's petition and the supporting affidavit of Valor's authorized representative, and good cause appearing therefor:

IT IS HEREBY ORDERED that liquidation proceedings commence against Valor under § 33-2-1301, Mont. Code Ann., *et seq.*, as Valor is insolvent under § 33-2-1303(11), Mont. Code Ann.;

IT IS FURTHER ORDERED that the Commissioner, and any successor in office, is appointed as the Liquidator of Valor under § 33-2-1342(1), Mont. Code Ann.;

IT IS FURTHER ORDERED that the Commissioner is vested with all of the powers and duties as Liquidator as described in §§ 33-2-1342 and 33-2-1345, Mont. Code Ann., and with such other powers and duties as this Court may deem necessary and proper for the liquidation of Valor;

IT IS FURTHER ORDERED that the Commissioner as Liquidator is vested with the title to all of the property, contracts, rights of action and all of the books and records of Valor, wherever located, under § 33-2-1342(1), Mont. Code Ann.;

IT IS FURTHER ORDERED that the Commission as Liquidator is vested with authority to appoint a special deputy or deputies, who shall serve at the pleasure of the Commissioner, to act for her in regard to the liquidation pursuant to § 33-2-1345(1), Mont. Code Ann. If the Commissioner appoints a special deputy to act for her in regard to the liquidation, the Commissioner shall file a Notice of Appointment of Special Deputy Liquidator with this Court. Further, the Commissioner may employ such personnel as necessary to assist in the liquidation, fix reasonable compensation for such personnel with the approval of this Court, and defray the costs so incurred through reimbursement from the estate of Valor under § 33-2-1345(1), Mont. Code Ann.;

IT IS FURTHER ORDERED that the Commissioner as Liquidator has plenary authority under §§ 33-2-1341 through 33-2-1394, Mont. Code Ann., including, but not limited to: the authority listed in § 33-2-1345, Mont. Code Ann.; the authority to collect and list all assets as described in § 33-2-1350, Mont. Code Ann.; the authority to avoid fraudulent transfers as described in §§ 33-2-1351 and 33-2-1352, Mont. Code Ann.; the authority to void preferences

and liens as described in § 33-2-1353, Mont. Code Ann.; and the allowance of setoffs as described in § 33-2-1359, Mont. Code Ann.;

IT IS FURTHER ORDERED that the filing of the liquidation order with the clerk of the district court and the clerk and recorder of the county in which Valor's principal office or place of business is located shall impart the same notice as a deed, bill of sale or other evidence of title under § 33-2-1342(1), Mont. Code Ann.;

IT IS FURTHER ORDERED, pursuant to 33-2-1348, Mont. Code Ann., that all actions and proceedings against Valor are hereby enjoined and full faith and credit shall be given by the courts, whether in this state or elsewhere, to this injunctive order. Further, no action at law or equity may be brought against Valor, the Commissioner, or any special deputy, within this state or elsewhere, after issuance of this Order;

IT IS FURTHER ORDERED, pursuant to § 33-2-1345, Mont. Code Ann., that Valor, its officers, directors, stockholders, agents, servants and employees and all other persons having notice of these proceedings are prohibited from transacting any business of Valor or selling, transferring, destroying, wasting, encumbering or disposing of any property or assets of Valor without the prior written approval of the Commissioner, or any special deputy if so appointed, or until further order of this Court;

IT IS FURTHER ORDERED, pursuant to § 33-2-1309, Mont. Code Ann., that all officers and former officers, directors and former directors, stockholders, policyholders agents and employees of Valor, and all other persons having notice of these proceedings, are prohibited from instituting or further prosecuting any action at law or equity or in any other proceedings against Valor, or the Commissioner, or any special deputy, in connection with their duties as Liquidator,

including without limitation, any action to obtain possession and control of the property or assets of Valor, unless such an action is brought as part of this liquidation proceeding;

IT IS FURTHER ORDERED, pursuant to section 33-2-1309, Mont. Code Ann., that all banks, brokerage houses, agents, reinsurers, or other companies or persons having in their possession assets or records that are or may be, the property of Valor, are enjoined from disposing of, selling, wasting, encumbering, transferring or destroying any such assets, property or records of Valor. This prohibition includes, but is not limited to, property, books or records pertaining to any transaction between Valor and any of the said parties; provided, however, that this prohibition shall not extend to or prohibit Valor's parent company or any upstream holding company from making and retaining a copy of such books and records for tax and financial reporting purposes at no expense to Valor. Further, except as aforesaid, none of the said parties may take any action concerning such assets, property or records unless brought before this Court as part of this liquidation proceeding, and then only with the express consent of this Court;

IT IS FURTHER ORDERED, commensurate with the provisions of § 33-2-1310, Mont. Code Ann., that any officer, manager, director, owner, employee, insurance producer or any other person with authority over or connection with Valor's affairs shall cooperate with the Commissioner, or any special deputy if so appointed, in connection with this liquidation proceeding, and no person may obstruct or interfere with the Liquidator in the conduct of this liquidation proceeding; and

IT IS FURTHER ORDERED that, pursuant to § 33-2-1342(5), Mont. Code Ann., the Liquidator will provide the Court with an initial accounting of the estate of Valor within 30 days

following the issuance of this Order. The Court may order additional accountings at any interval specified in future orders issued in this liquidation proceeding.

ENTERED this 21st day of May, 2009.


District Court Judge

cc: Jon M. Schneider, President of Valor Insurance Co, Inc., 444 West Ocean Blvd., Long Beach, CA 90802
Jennifer Massman, Attorney for Commissioner, 840 Helena Avenue, Helena, MT 50601